

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Bridgeport Public Library	County Saginaw
Fiscal Year End 12/31/07	Opinion Date 04/17/08	Date Audit Report Submitted to State 04/28/08	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

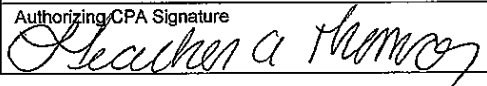
YES
2

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No issue to report at this time	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Gardner, Provenzano, Schauman & Thomas, P.C.		Telephone Number 989-790-3900	
Street Address 4855 State Street Suite Six		City Saginaw	State MI
		Zip 48603	
Authorizing CPA Signature 		Printed Name Heather A. Thomas	License Number 1101024719

**BRIDGEPORT PUBLIC LIBRARY
BRIDGEPORT, MICHIGAN**

**FINANCIAL STATEMENTS
December 31, 2007**

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BRIDGEPORT PUBLIC LIBRARY
Board of Trustees
December 31, 2007

William Cannon	President
Charles Booth	Vice-President
Juanita Foxx	Secretary
Marlene Muhlenkamp	Treasurer
Portia Brown	Trustee
Gerardo Gonzalez	Trustee



Gardner | Provenzano Schauman & Thomas

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner
Giacamo Provenzano
James R. Schauman
Heather A. Thomas

INDEPENDENT AUDITOR'S REPORT

April 17, 2008

To the Board of Trustees
Bridgeport Public Library
Bridgeport, Michigan

We have audited the accompanying financial statements of the governmental activities of the Bridgeport Public Library as of and for the year ended December 31, 2007, which comprise the Bridgeport Public Library's basic financial statements as listed in the table of contents. The financial statements are the responsibility of the Bridgeport Public Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards prescribed by the State Treasurer. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Bridgeport Public Library as of December 31, 2007 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America and with applicable rules and regulations of the State Treasurer.

To the Board of Trustees
Bridgeport Public Library
Page Two

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Gardner, Provengano, Schaumier & Thomas, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

BRIDGEPORT PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2007

This section of the financial report presents our discussion and analysis of the Bridgeport Public Library's financial performance during the year ended December 31, 2007. It is meant to provide an overall review of the Library's financial activities and provide a look at its past and current financial position. Readers should also review the Library's financial statements, immediately following this section, to enhance their understanding of the Library's financial performance.

The Bridgeport Public Library is a special purpose government engaged in a single government program of providing library services. The Governmental Accounting Standards Board (GASB) is the accounting standard-setting body for governmental entities. As allowed by GASB 34, for special purpose governments, the government-wide financial statements and the fund financial statements are combined.

Using this Annual Report

This annual report consists of the following three parts:

Management's Discussion and Analysis (this section)
Basic Financial Statements
Required Supplemental Information

These statements are organized to help the reader understand the financial position of the Bridgeport Public Library as a whole. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by required supplemental information that supports and further explains the financial statements with a comparison of the Library's budget for the year.

Government-Wide Financial Statements

The government-wide statements provide financial information of the Library as a whole. They report on the governmental activities of the Library, which includes the Library's basic services, including programming and technology. These activities are mostly funded by property taxes, penal fines and state shared revenue. These statements use the full accrual basis of accounting, similar to private sector companies. There are two Government-Wide statements: The Statement of Net Assets and the Statement of Activities.

Government-wide Financial Statements (continued)

The Statement of Net Assets includes all the assets and liabilities of the Library, whether short-term or long-term, and regardless of whether or not they are currently available. As a result, capital assets of the Library are included in this statement.

The Statement of Activities accounts for current year revenues regardless of when cash is received or paid, consistent with the full accrual basis method of accounting.

When analyzed together, these two statements help the reader determine whether the Library is financially stronger or weaker as a result of the year's activities. Both statements report the Library's net assets, which is the difference between the Library's assets and liabilities. The change in net assets is one way to measure the Library's financial health or position. Over time, increases and decreases in the Library's net assets are an indicator of whether the Library's financial health is improving or deteriorating. However, the Library's goal is to provide services to our patrons, not generate profits as in the private sector. As a result, other non-financial factors should be considered in assessing the overall health of the Library. Such factors would include the condition of the Library's building and the property tax base of the library.

Fund Financial Statements

The fund financial statements' focus is on providing more detailed information about the general fund of the Library and not on the Library as a whole, as reported in the government-wide statements. The fund level statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources. The fund statements provide a detailed short-term view of the Library's operations and help in determining whether there are more or less financial resources available in the near future to finance the Library's programs and services provided.

In general, the fund financial statements have changed very little as a result of GASB 34 requirements and are relatively comparable to financial statements issued before GASB 34 except for the general fixed asset account group is no longer reported.

BRIDGEPORT PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2007

Summary of Net Assets

<u>Governmental Activities</u>	<u>2007</u>	<u>2006</u>
Assets		
Current assets	\$ 807,440	\$ 756,429
Capital assets	497,750	478,300
Total Assets	<u>1,305,190</u>	<u>1,234,729</u>
Liabilities		
Current liabilities	<u>307,940</u>	<u>301,167</u>
Total Liabilities	<u>307,940</u>	<u>301,167</u>
Net Assets		
Capital assets	497,750	478,300
Unrestricted	499,500	455,262
Total Net Assets	<u>\$ 997,250</u>	<u>\$ 933,562</u>

The net assets for the Library were \$997,250 at December 31, 2007. The largest portion of the Library's assets are unrestricted and will be used to fund future programming. The remainder of net assets are invested in capital assets.

Statement of Activities

	<u>2007</u>	<u>2006</u>
Revenues		
Current property taxes	\$ 296,601	\$ 281,704
State revenue	15,542	15,351
Penal fines	60,008	60,219
Interest earned	27,840	17,606
Other	16,554	18,961
Total Revenue	<u>416,545</u>	<u>393,841</u>
Expenses		
Library services	<u>352,857</u>	<u>366,908</u>
Change in net assets	63,688	26,933
Net assets-Beginning	<u>933,562</u>	<u>906,629</u>
Net assets-Ending	<u>\$ 997,250</u>	<u>\$ 933,562</u>

As shown above, the net assets for the Library increased by \$63,688 during the year. The significant reasons for the increase are explained in the section entitled Analysis of Balances and Transactions of the General Fund.

BRIDGEPORT PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2007

Statement of Activities (continued)

The Statement of Activities presented later provides greater detail on the Library's activity. The cost of providing Library services this year was \$352,857. The amount financed through property taxes was \$281,704.

Local Property Tax History

<u>Fiscal Year Revenue</u>	<u>% of Revenue</u>	<u>Local Property Tax</u>
2007	71%	\$ 296,601
2006	72%	281,704
2005	73%	274,303
2004	75%	268,166
2003	71%	266,893
2002	62%	171,817
2001	58%	160,107
2000	54%	155,573

Local property tax revenues in the table include the receipt of delinquent taxes from prior years.

Analysis of Balances and Transactions of the General Fund

A comparison between the 2007 and 2006 operational revenues reflects the following variances:

	<u>2007</u>	<u>2006</u>	<u>Difference</u>
Revenues			
Tax	\$ 296,601	\$ 281,704	\$ 14,897
State	15,542	15,351	191
Penal fines	60,008	60,219	(211)
Interest	27,840	17,606	10,234
Other	16,554	18,961	(2,407)

The 2007 tax revenues increased by \$14,897 over 2006 tax revenues due to rising taxable values on township properties. State aid to libraries declined based on a lower legislated per capita rate. Penal fines were \$211 less than the 2006 figures as community ordinances superseded statewide laws, resulting in a reduction of penal fine income awarded to libraries. Interest income increased by \$10,234 even as interest rates fell throughout 2007 due to increased principal invested.

BRIDGEPORT PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2007

Analysis of Balances and Transactions of the General Fund (continued)

The cost of providing library services for the community actually fell by \$14,051. Lack of shelving space has resulted in fewer materials being added to the collection. On a more positive note, the library was also able to add two more computers through a grant from the Gates Foundation. This brought the total of public computers to twenty, all of which are heavily used during the library's operating hours.

The library added \$44,238 to its fund balance this year despite replacing the entire roof. The library board uses fund balances to pay for the general upkeep of the library facility and grounds.

Budget Variances First vs. Final Budget

The significant differences between the first and final budgets included an increase in the interest revenue of \$8,032. Our initial estimate of this revenue was based on predicted decreases in interest rates for 2007. However, as we rolled over funds in short-term certificates of deposit, with higher interest rates, we were able to garner a better return on our investments.

The initial budget for books and cassettes was under spent by \$5,807 as library staff continued to balance space constraints with the necessity of providing current reading material for the community.

Budget Variance Final Budget vs. Actual

The only significant variances between the actual expenditures and the final budget resulted from a reclassification of the expense of \$27,397 for a new roof for the library facility. Originally, the expense was included in the repairs and maintenance category, but was later reclassified to furniture and equipment in order to reflect the capital outlay.

BRIDGEPORT PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2007

Capital Assets

At the end of the year, the Library had \$497,750 invested in capital assets as follows:

	2007	2006
Land	\$ 7,000	\$ 7,000
Land improvements	15,481	15,481
Building	509,641	509,641
Building improvements	34,005	6,608
Equipment and furniture	24,970	16,510
Collection	977,564	970,817
Total capital assets	<u>1,568,661</u>	<u>1,526,057</u>
Less: Accumulated depreciation	<u>1,070,911</u>	<u>1,047,757</u>
Capital assets, net of depreciation	<u>\$ 497,750</u>	<u>\$ 478,300</u>

The Library added \$5,025 in additions to the collection and replaced the library roof at a cost of \$27,397.

Currently Known Facts

The library's 1.5 mil funding proposal was passed by the voters in August 2006, assuring continuance of operating funds for the next four years. The Library Board has begun preliminary planning for a future expansion of the library facility, however, no funds have been allocated to the project.

Requests for Information

This report is designed to provide a general overview for anyone interested in the Library's finances. Questions concerning this report should be addressed to:

Library Director
Bridgeport Public Library
3399 Williamson Road
Bridgeport, MI 48722

BASIC FINANCIAL STATEMENTS

Bridgeport Public Library
Governmental Fund Balance Sheet/Statement of Net Assets
December 31, 2007

	General Fund, Modified Accrual Basis	Adjustments	Statement of Net Assets
<u>Assets</u>			
Cash	\$ 141,112	\$ -	\$ 141,112
Cash, memorial	4,573	-	4,573
Investments	345,164	-	345,164
Taxes receivable	305,649	-	305,649
Prepays	10,942	-	10,942
Capital assets, net of depreciation	-	497,750	497,750
Total Assets	<u>\$ 807,440</u>	<u>\$ 497,750</u>	<u>\$ 1,305,190</u>
<u>Liabilities</u>			
Liabilities			
Deferred revenue	\$ 307,940	\$ -	\$ 307,940
Total Liabilities	<u>307,940</u>	<u>-</u>	<u>307,940</u>
Fund Balance/Net Assets			
Fund Balance			
Undesignated, unreserved	499,500	(499,500)	-
Total Fund Balance	<u>499,500</u>	<u>(499,500)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 807,440</u>		
Net assets:			
Investment in capital assets		497,750	497,750
Unrestricted		499,500	499,500
Total Net Assets		<u>\$ 497,750</u>	<u>\$ 997,250</u>

The accompanying notes are an integral part of these financial statements.

Bridgeport Public Library
Reconciliation of Balance Sheet of Governmental Fund To Statement of Net Assets
December 31, 2007

Total Fund Balances - Governmental Funds	\$ 499,500
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets are not financial resources, and are not reported in the funds	497,750
Total Net Assets - Government-Wide	<u>\$ 997,250</u>

The accompanying notes are an integral part of these financial statements.

Bridgeport Public Library
Statement of Governmental Revenue, Expenditures, and Changes
in Fund Balance/Statement of Activities
For the Year Ended December 31, 2007

	General Fund, Modified Accrual Basis	Adjustments	Statement of Activities
<u>Revenue</u>			
Current property taxes	\$ 296,601	\$ -	\$ 296,601
State revenue	15,542	-	15,542
Telephone	300	-	300
Book fines and fees	7,729	-	7,729
Penal fines	60,008	-	60,008
Interest earned	27,840	-	27,840
Copy machine	1,860	-	1,860
Video rental	1,410	-	1,410
Other	5,255	-	5,255
Total Revenue	<u>416,545</u>	<u>-</u>	<u>416,545</u>
<u>Expenditures/expenses</u>			
Salaries	150,288	-	150,288
Payroll taxes	11,497	-	11,497
Retirement	6,616	-	6,616
Employees benefit	30,900	-	30,900
General insurance	3,351	-	3,351
Office supplies	11,773	-	11,773
Postage	1,682	-	1,682
Dues and fees	8,796	-	8,796
Dynix cost	11,436	-	11,436
Telephone	1,864	-	1,864
Utilities	15,326	-	15,326
Repairs & maintenance	17,253	-	17,253
Programs	5,172	-	5,172
Professional fees	3,033	-	3,033
Other	3,732	-	3,732
Periodicals	3,472	-	3,472
Capital outlay			
Books & cassettes	50,259	(50,259)	-
Furniture & equipment	35,857	(35,857)	-
Depreciation	-	66,666	66,666
Total Expenditures/expenses	<u>372,307</u>	<u>(19,450)</u>	<u>352,857</u>
Excess (deficit) of revenues over expenditures/Change in Net Assets	44,238	19,450	63,688
Fund Balance/Net Assets Beginning	455,262	478,300	933,562
Fund Balance/ Net Assets Ending	<u>\$ 499,500</u>	<u>\$ 497,750</u>	<u>\$ 997,250</u>

The accompanying notes are an integral part of these financial statements.

Bridgeport Public Library
Reconciliation of Statement of Revenue, Expenditures, and Changes in
Fund Balances of Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2007

Net Change in Fund Balances - Governmental Funds	\$ 44,238
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Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	86,116
Depreciation	(66,666)

Change in Net Assets-Governmental-wide	<u>\$ 63,688</u>
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The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

BRIDGEPORT PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Significant Accounting Policies

The Reporting Entity

The Bridgeport Public Library was established in 1980, under Public Act 164 of 1877, as amended. An independently elected board of six trustees sets policy, plans for future direction, and takes responsibility for the overall operations of the Library.

The criteria established by NCGA for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special relationships. On this basis, the financial statements of the Library are not included in other governmental entities.

The financial statements of the Bridgeport Public Library have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to the Library. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the activities of the Library. Governmental activities, normally supported by taxes and inter-governmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. At this time, the Library has no business type activities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

BRIDGEPORT PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Library reports only one fund as follows:

- The General Fund is used to record the operations and maintenance of the Library. Included are all transactions related to the approved current operating budget.

Assets, Liabilities and Equity

Cash and investments – The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Certificates of deposit are stated at cost which approximates fair value.

Receivables – Property tax receivables are shown as gross amounts since uncollectible personal property taxes are undeterminable at year end and the County settles for all real property taxes.

Property tax is levied each December 1, on the Taxable Value of Bridgeport Township personal and real property. It is the policy of the Board of Trustees to recognize revenues from the current property tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for financing library operations. The amount levied in 2006 for the 2007 library operations was 1.5 mills.

Prepaid items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

BRIDGEPORT PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Capital assets – The Library defines capital assets as assets with an initial individual cost of more than \$1,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The Library does not have infrastructure assets. Capital assets are depreciated using the straight-line method over the following useful lives:

Building and building improvement	20 to 50 years
Equipment and furniture	5 to 10 years
Collections	2 to 3 years

Deferred revenue – Property taxes levied in 2007 for the 2008 operations are recognized as deferred revenue. In addition, State revenue received in advance is recorded as deferred revenue.

Fund equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

NOTE 2--Budgetary Policies and Data

The State of Michigan adopted a Uniform Budgeting and Accounting Act (ACT) applicable to all local governmental entities in the State. The law requires appropriation acts to be adopted for the general fund.

The Board adopts a budget based on the modified-accrual basis of accounting for the general fund. The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis. A library is not considered to be in violation of the Act if reasonable procedures are in use by the library to detect violations.

BRIDGEPORT PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 2--Budgetary Policies and Data (continued)

The Bridgeport Public Library uses these procedures in establishing the budgetary data reflected in the financial statements:

1. The Library Director submits to the Board a proposed budget before January 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The Library Director is authorized to transfer budgeted amounts between functions; however, any revisions that alter the total expenditures of any fund must be approved by the Board.
4. The budget for the general fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. The budget is amended by the Board as needed throughout the year.

NOTE 3--Capital Assets

A summary of the changes in capital assets is as follows:

	December 31, 2006	Additions	Adjustment Disposals	December 31, 2007
<u>Governmental activities:</u>				
Capital assets not being depreciated				
Land	\$ 7,000	\$ -	\$ -	\$ 7,000
Total capital assets not being depreciated	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Capital assets being depreciated				
Land improvements	15,481	-	-	15,481
Building	509,641	-	-	509,641
Building improvements	6,608	27,397	-	34,005
Equipment and furniture	16,510	8,460	-	24,970
Collection	970,817	50,259	43,512	977,564
Total capital assets being depreciated	<u>1,519,057</u>	<u>86,116</u>	<u>43,512</u>	<u>1,561,661</u>
Less: Accumulated depreciation	<u>1,047,757</u>	<u>66,666</u>	<u>43,512</u>	<u>1,070,911</u>
Governmental activities Capital assets, net of depreciation	<u>\$ 478,300</u>	<u>\$ 19,450</u>	<u>\$ -</u>	<u>\$ 497,750</u>

BRIDGEPORT PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 4--Deposits and Investments

The library is authorized, by the State of Michigan, to deposit its funds in banks, savings and loan associations, or credit unions having a principal office in Michigan.

The library is also authorized by the State of Michigan to invest in the following:

- a. U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and U.S. Treasury STRIPS
- b. TINTS-Treasury Interest Securities
- c. PRINS or STRIPS-Treasury Principal Securities
- d. Certificates of Deposits, Saving Deposit Receipt and Savings Accounts,
- e. Commercial Paper-short term unsecured debt obligation issued by a bank holding company, finance company, utility or industrial company to raise short-term cash
- f. Repurchase Agreements
- g. Banker's Acceptance
- h. Investment Pools

Cash and investments of \$154,268 and \$345,164, respectively are held at federally insured financial institutions. The FDIC insures up to \$100,000 in deposits. However, separately named accounts of a governmental entity in a single financial institution may not necessarily be treated as separate deposits for purposes of applying the \$100,000 limit.

The Library's deposits are categorized below according to level of credit risk:

- Category 1 represents the Library's insured or collateralized deposits with securities held by the Library or by its agent in the Library's name.
- Category 2 represents the Library's collateralized deposits with securities held by the pledging financial institution's trust department or agent in the Library's name.
- Category 3 represents the Library's uncollateralized deposits including any bank balances that are collateralized with securities held by the pledging financial institution's trust department or agent but not in the Library's name.

A summary of cash and investments is as follows:

	Category			Bank Balance	Carrying Amount
	1	2	3		
Checking	\$ 130,194	\$ -	\$ 24,074	\$ 154,268	\$ 145,685
Certificates of deposit	62,046	-	283,118	345,164	345,164
Totals	<u>\$ 192,240</u>	<u>\$ -</u>	<u>\$ 307,192</u>	<u>\$ 499,432</u>	<u>\$ 490,849</u>

BRIDGEPORT PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 4--Deposits and Investments (continued)

It is the policy of the Bridgeport Public Library to invest its funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow needs at the library and complying with all state statutes governing the investment of public funds.

NOTE 5--Pension Expense

The Bridgeport Public Library Retirement Plan, which is a non-qualified 403(b) defined contribution plan, provides pension benefits for qualifying employees. The plan is administered by the Library's Board of Trustees. Under the plan, employees who work more than or equal to 40 hours per week are eligible to participate. Those employees can elect to make deferred compensation payments to the plan upon their employment commencement date. To be eligible to receive employer contributions to the plan, an employee must be 18 years old or older. Contributions to the plan are made at the discretion of the Board of Trustees. Plan provisions and contribution requirements are established and may be amended by the Bridgeport Library Trustees.

The Bridgeport Public Library made contributions of \$6,616 on behalf of the employees for the year ending December 31, 2007.

NOTE 6--Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. During the year ended December 31, 2007, the Library carried commercial insurance for the above listed risks of loss.

REQUIRED SUPPLEMENTAL INFORMATION

Bridgeport Public library
Budgetary Comparison-General Fund
For The Year Ended December 31, 2007

	Budget Amounts			Actual Over (Under) Budget
	Original	Final	Actual	
<u>Revenue</u>				
Current property taxes	\$ 300,000	\$ 296,601	\$ 296,601	\$ -
State revenue	12,392	15,543	15,542	(1)
Telephone	300	300	300	-
Book fines and fees	10,000	7,700	7,729	29
Penal fines	60,000	60,008	60,008	-
Interest earned	15,000	23,302	27,840	4,538
Copy machine	2,000	1,850	1,860	10
Video rental	1,000	1,400	1,410	10
Other	2,700	5,255	5,255	-
Total Revenues	<u>403,392</u>	<u>411,959</u>	<u>416,545</u>	<u>4,586</u>
<u>Expenditures</u>				
Salaries	151,180	152,000	150,288	(1,712)
Payroll taxes	12,000	11,475	11,497	22
Retirement	6,615	6,615	6,616	1
Employees benefit	31,120	30,938	30,900	(38)
General insurance	5,000	4,112	3,351	(761)
Office supplies	12,000	12,000	11,773	(227)
Postage	1,600	1,700	1,682	(18)
Dues and fees	7,000	8,750	8,796	46
Dynix cost	11,000	11,344	11,436	92
Telephone	2,000	1,863	1,864	1
Utilities	14,000	15,326	15,326	-
Repairs & maintenance	45,300	45,064	17,253	(27,811)
Printing	500	-	-	-
Programs	5,500	5,200	5,172	(28)
Professional fees	4,500	3,305	3,033	(272)
Other	4,200	3,051	3,732	681
Periodicals	3,800	3,472	3,472	-
Capital outlay				-
Books & cassettes	57,057	51,250	50,259	(991)
Furniture & equipment	2,500	4,860	35,857	30,997
Total Expenditures	<u>376,872</u>	<u>372,325</u>	<u>372,307</u>	<u>(18)</u>
Excess (deficit) of revenues over expenditures	26,520	39,634	44,238	4,604
Fund Balance, Beginning	455,262	455,262	455,262	-
Fund Balance, Ending	<u>\$ 481,782</u>	<u>\$ 494,896</u>	<u>\$ 499,500</u>	<u>\$ 4,604</u>

The accompanying notes are an integral part of these financial statements.